

GRAMEX'S TRANSPARENCY- REPORT 2019



MUSIC MAKES
GOOD THINGS
HAPPEN

gramex



INTRODUCTION

The Transparency Report describes Gramex's operations in detail and in accordance with the Directive. This page contains extracts from the Report's text as a summary of the Report. We hope that with the summary it will be easier to understand the comprehensive content of the Transparency Report. If you have any questions, we will be happy to help.

Gramex Communications
Tel. +358 50 518 9894

Gramex's mission

Gramex is a non-profit association whose purpose is to supervise and promote the rights of performing artists and producers of phonograms prescribed in copyright legislation. Gramex's operations involve music licensing and the collection of the remunerations referred to in the Copyright Act and their prudent investment and distribution to rightsholders.

Board of Directors and administration

The Board of Directors of Gramex consists of a chairman and six other members. Three of the members of the Board of Directors are elected from among phonogram producers and three from among performing artists. The chair of the Board of Directors must be familiar with copyright issues and may not represent either of the rightsholder groups. The Managing Director is responsible for the management of Gramex's office.

Client authorisation

By a client agreement, the rightsholders represented by Gramex authorise Gramex to manage the forms of use of phonograms and music videos defined therein and the related rights of the performing artist and phonogram producer, and to collect remunerations. The content of the client agreement has been confirmed in the organisation's meeting.

Everyone entitled to remunerations collected by Gramex has the right to become Gramex's member.

Licensing

Gramex grants licences to use phonogram music and music videos and collects remunerations for their use.

Gramex has approximately 31 000 music user customers. Background music customers receive their music licence agreements and music licences through GT Music Licences Ltd. Media licensing customers receive them directly from Gramex.

Gramex receives licensing proceeds from radio and television use, retransmission, background music, internet and network use, audio fixation and audiovisual programme use, private copying levies and use of music videos.

Gramex's licensing operations are based partly on law and partly on client agreements. The Ministry of Education and Culture has approved Gramex to collect remunerations for the use of phonograms as referred to in Section 47(1) paragraphs (1) and (2) of the Copyright Act and distribute them to performing artists and phonogram producers, and to collect remunerations for the use of music recordings containing images as referred to in Section 47(3) of the Copyright Act and distribute them to the performers of musical works. This approval is valid until the end of the year 2020.

Rights revenue 2019 (€)

Radio and television use	8 899 178
Retransmission	52 250
Background music	9 024 336
Internet and data network	2 995 470
Audio fixations and audiovisual programs	1 057 354
Private copying levies	1 077 194
Music videos	37 807
Term of protection	34 465
Remuneration from abroad	431 089
TOTAL	23 609 143

Distribution of remunerations

The funds paid to rightsholders during the financial period amounted to EUR 19.8 million.

Gramex distributes part of the collected remunerations directly to rightsholders and part to foreign copyright organisations representing rightsholders. Remunerations for performances collected in July-December 2018 were paid in May 2019, and remunerations for performances collected in January-June 2019 were paid in December 2019. Part of the remunerations are thus paid during the year of their collection. Most of the remaining remunerations will reach their destinations within the next three years, which is how long the normal distribution and payment process lasts.

Investigation of incomplete data

If any deficiencies preventing the distribution of remunerations occur in the data concerning the played phonograms or recipients of the remuneration, they will be investigated as required under the Act on Collective Management of Copyright, for several years if necessary. If the investigations are inconclusive, the general assembly of Gramex will decide on how these funds (statute-barred remunerations) will be used to promote music in accordance with Gramex's rules.

Operating costs

The costs of Gramex's operations amounted to EUR 3.75 (3.92) million in 2019. On 31 December 2019, Gramex employed 20 (23) people.

The administration expenses deduction for the year 2019 is an amount corresponding to the costs arising from Gramex's administration, EUR 3.753 (3.918) million.

CONTENTS

1. Balance sheet
2. Income and expenditure account and cash-flow statement
3. Annual report
 - 3.1. Licensing and refusals to grant licence
 - 3.2. Legal and governance structure
 - 3.3. Information on entities owned or controlled by Gramex
 - 3.4. Remunerations and benefits of board members and managing director
 - 3.5. Deductions for the purposes of social, cultural and educational services
 - 3.6. Financial information
 1. Rights revenue
 2. Investment income
 3. Administration expenses
 4. Resources used to cover costs
 - 3.7. Funds due to rightsholders

4. Tables and other text of the transparency report
 - 4.1. Collected funds
 - 4.2. Funds attributed to phonograms ('placeholders')
 - 4.3. Funds attributed to rightsholders (awaiting payment)
 - 4.4. Funds paid to rightsholders
 - 4.5. Distribution schedule
 - 4.6. Undistributed funds
 - 4.7. Information on amounts received from and paid to other collective management organisations
 - 4.8. Management fees and other deductions from rights revenue due to other collective management organisations
 - 4.9. Management fees from the amounts paid by other collective management organisations
5. Auditor's report

TRANSPARENCY REPORT 2019

BALANCE SHEET

1. BALANCE SHEET (Annex to the Directive, point 1 (a))

	BALANCE SHEET 31.12.2019 EUR	BALANCE SHEET 31.12.2018 EUR
ASSETS		
FIXED ASSETS		
Intangible assets		
IT systems	274 563,64	354 715,85
Major improvements	19 837,30	34 223,33
Intangible assets total	294 400,94	388 939,18
Tangible assets		
Machinery and equipment	114 968,15	153 290,87
Other tangible assets	550,00	550,00
Tangible assets total	115 518,15	153 840,87
Investments		
Shares and equity	483 100,03	483 100,03
Investment portfolios	25 938 061,94	24 694 013,21
Real estate funds	2 142 134,54	2 127 635,09
Total investments	28 563 296,51	27 304 748,33
TOTAL FIXED ASSETS	28 973 215,60	27 847 528,38
CURRENT ASSETS		
Long-term receivables		
Loan receivables	1 250 000,00	1 250 000,00
Total long-term receivables	1 250 000,00	1 250 000,00
Short-term receivables		
Accounts receivable	2 316 782,57	2 499 249,97
Short-term investments	309 348,00	501 336,00
Other receivables	14 527,21	20 157,83
Accrued income	1 679 548,16	2 032 139,36
Total short-term receivables	4 320 205,94	5 052 883,16
Bank and cash	1 929 406,43	3 039 778,57
TOTAL CURRENT ASSETS	7 499 612,37	9 342 661,73
TOTAL ASSETS	36 472 827,97	37 190 190,11
EQUITY AND LIABILITIES		
EQUITY		
Promotion activities reserves		
Promotion activities reserves		
Total promotion activities reserves	563 618,60	566 527,70
TOTAL EQUITY	563 618,60	566 527,70
LIABILITIES	563 618,60	566 527,70
Short-term liabilities		
Remuneration liabilities		
(Invoiced, investment income)	18 854 966,94	20 010 442,86
Remuneration liabilities in payment process	15 634 959,94	15 335 955,39
Accounts payable	120 997,17	59 400,67
Other liabilities	927 304,93	938 091,19
Accrued expenses and liabilities	370 980,39	279 772,30
Total short-term liabilities	35 909 209,37	36 623 662,41
TOTAL LIABILITIES	35 909 209,37	36 623 662,41
TOTAL EQUITY AND LIABILITIES	36 472 827,97	37 190 190,11

INCOME AND EXPENDITURE ACCOUNT AND CASH-FLOW STATEMENT

2. INCOME AND EXPENDITURE ACCOUNT AND CASH-FLOW STATEMENT (Annex to the Directive, point 1 (a))

PROFIT AND LOSS STATEMENT	2019 EUR	2018 EUR
Revenue		
Other revenue	35 810,93	19 597,90
Total revenue	35 810,93	19 597,90
Expenses		
Personnel expenses	-1 615 915,19	-1 818 335,29
Depreciations	-192 462,71	-204 873,61
Other expenses	-1 980 889,31	-1 914 683,36
Total expenses	-3 789 267,21	-3 937 892,26
Administration expenses deduction	3 753 456,28	3 918 294,36
Promotion activities		
Transfer from investments and financing activities	15 658,80	-1 762,87
Statute-barred remuneration liabilities	2 404 569,00	2 019 068,02
Other expenses related to promotion activities	-2 481 638,02	-2 072 982,90
Total expenses for promotion activities	-61 410,22	-55 677,75
Covered by promotion activities reserve	61 410,22	55 677,75
SURPLUS/DEFICIT	0,00	0,00
Investment and financing activities		
Income / Expenses	1 115 053,64	-117 002,08
Transfer to remuneration payments	-651 313,73	67 644,24
Transfer to later conclusion	-448 081,11	47 594,97
Transfer to the promotion activities reserve	-15 658,80	1 762,87
	0,00	0,00
SURPLUS (DEFICIT) FOR THE FINANCIAL PERIOD	0,00	0,00

CASH FLOW STATEMENT

	2019 EUR	2018 EUR
Cash flow from operating activities		
Cash receipts from sales	23 835 054,40	23 953 910,37
Payments from operating expenses	<u>-4 981 955,95</u>	<u>-4 672 501,11</u>
Cash flow from operating activities	18 853 098,45	19 281 409,26
Cash flow from investing activities		
Investments in tangible and intangible assets	-74 342,27	-198 383,40
Other investments	-937 606,01	-915 642,85
Cash received from investments	<u>1 043 555,52</u>	<u>3 006 352,44</u>
Cash flow from investing activities	31 607,24	1 892 326,19
Cash flow from operating and investing activities	18 884 705,69	21 173 735,45
Cash flow from distributions and promotion activities:		
Distributions to Finnish and foreign rightsholders (net)	-18 507 259,66	-20 383 027,55
Promotion activities	-1 487 818,17	-1 726 809,46
Change in cash and bank	-1 110 372,14	-936 101,56
Cash and bank in the beginning of the financial period	3 039 778,57	3 975 880,13
Cash and bank at the end of the financial period	1 929 406,43	3 039 778,57
	<u>-1 110 372,14</u>	<u>-936 101,56</u>

The presentation of the 2018 cash flow statement has been adjusted to correspond to the presentation of the 2019 cash flow statement.



ANNUAL REPORT

3. ANNUAL REPORT

(Annex of the Directive, point 1. (b))

In 2019, Gramex continued development work and created operational models to incorporate the significant changes of the previous year into the daily operations of the organisation. Gramex developed its financial reporting and analytics, invested in its personnel, took part in international cooperation within the copyright sector, and took an active role in the supervision of the interests of the cultural sector when the new government was preparing its government programme.

Remunerations collected in early 2019 were distributed in December of the same year thanks to the rightsholder management system Apollon. Distributed remunerations amounted to a total of EUR 19.8 million, out of which EUR 9.6 million was directed to performer and EUR 10.2 million to producer clients. The remunerations collected by Gramex amounted to EUR 23.609 million (EUR 23.513 million in 2018).

The introduction of the new MyGramex At the same time, the introduction of the new MyGramex service portal to rightsholder customers was continued. By the end of the year, the number of registered users was over 10 000 (6 500).

At the same time, the introduction of the new MyGramex service portal to rightsholder customers was continued. By the end of the year, the number of registered users was over 10 000 (6 500).

At the end of the financial year, Gramex had 56 174 rightsholder client agreements. Gramex collected remunerations from approximately 31 000 music user customers. Media customers are mainly served directly by Gramex and background music customers mainly by GT Music Licences Ltd.

Among copyright organisations, Gramex has been acknowledged as a trailblazer in

international development. As an indication of this, Gramex has been invited to take part in the pilot group of the RDx project and that Gramex was accepted into the DDEX community at the end of the year.

In order to enhance transparency and comprehensibility, Gramex renewed its distribution rules, a public manual describing the central principles of the operations and how the distributions and payments are carried out in practice.

During the period, financial reporting and analytics were developed. Continuous development of transparency, comprehensibility and efficiency is Gramex's key to success in a changing environment.

As this period coincided with the Finnish parliamentary elections and the preparation of the country's government programme, Gramex was active on the lobbying and interest group fronts. Gramex also partnered with several music industry events.

Significant investments were made in its personnel by, inter alia, creating the position of HR manager.

There are no significant known risks to Gramex's operations in the coming year. In the long term, risks might be associated with technical development, legislation or consumer habits, but they cannot be anticipated at this point.

3.1. LICENSING AND REFUSALS TO GRANT LICENCE

(Annex to the Directive, point 1 (c))

Gramex grants licences to use phonogram music and music videos and collects remunerations for their use.

Gramex has approximately 31 000 music user customers. Background music customers receive their music licence agreements and music licences through GT Music Licences Ltd. Media licensing customers receive them directly from Gramex.

Gramex receives licensing proceeds from radio and television use, retransmission, background music, internet and network use, audio fixation and audiovisual programme use, private copying levies and use of music videos.

Gramex operates within the mandate provided in the Finnish Copyright Act and given to it by its rightsholder customers by agreements. During the business year, Gramex has not refused to grant licences for uses covered by its mandate.

Gramex's customers by role (rightsholders)

Performer	38 311
Producer	3 529
Music video producer	218
Performer & producer	13 821
Performer & music video producer	16
Producer & music video producer	192
Performer & producer & music video producer	87
Total	56 174

3.2. GRAMEX'S LEGAL AND GOVERNANCE STRUCTURE

(Annex to the Directive, point 1 (d))

Gramex is a non-profit association whose purpose is to supervise and promote the rights of performing artists and producers of phonograms prescribed in copyright legislation. Gramex's operations involve music licensing and the collection of the remunerations referred to in the Copyright Act and their prudent investment and distribution to rightsholders.

The Board of Directors of Gramex consists of a chairman and six other members. Three of the members of the Board of Directors are elected from among phonogram producers and three from among performing artists. The chair of the Board of Directors must be familiar with copyright issues and may not represent either of the rightsholder groups. The Managing Director is responsible for the management of Gramex's office.

Gramex's licensing operations are based partly on law and partly on client agreements. The Ministry of Education and Culture has approved Gramex to collect remunerations for the use of phonograms as referred to in Section 47(1) paragraphs (1) and (2) of the Copyright Act and distribute them to performing artists and phonogram producers, and to collect remunerations for the use of music recordings containing images as referred to in Section 47(3) of the Copyright Act and distribute them to the performers of musical works. This approval is valid until the end of the year 2020.

By a client agreement, the rightsholders represented by Gramex authorise Gramex to manage the forms of use of phonograms and music videos defined therein and the related rights of the performing artist and phonogram producer, and to collect remunerations. The content of the client agreement has been confirmed in the organisation's meeting. Everyone entitled

to remunerations collected by Gramex has the right to become Gramex's member.

The Ministry of Education and Culture has approved Gramex to operate as an extended collective licence organisation as follows:

- Recording for educational activities (Copyright Act, Section 14). This approval is valid until the end of the year 2021.

- Ephemeral recording (Copyright Act, Section 25 f). This approval is valid until the end of the year 2023.

- Online storage service for television programmes (Copyright Act, Section 25 I). This approval is valid until the end of the year 2024.

Gramex is involved in international arrangements of international co-operation bodies of performing artists and record producers concerning licensing and distribution of remunerations. Within the International Federation of Phonographic Industry (IFPI), the following framework agreements enabling cross-border licensing, which Gramex has joined, have been concluded:

- Agreement on Reciprocal Representation to License Simulcast;

- Agreement on Reciprocal Representation to License Certain Webcasting;

- Protocol to Extend the Agreement on Reciprocal Representation to License Certain Webcasts; and

- Agreement on Reciprocal Representation to License certain On-Demand offerings of Audio and Audiovisual Programs.

Within the Societies' Council for the Collective Management of Performers' Rights (SCAPR), Gramex is a party to, inter alia, various VRDB2 and IPD systems and services supporting the international distribution and payment of remunerations.

3.3. INFORMATION ON ENTITIES OWNED OR CONTROLLED BY GRAMEX

(Annex to the Directive, point 1 (f))

Gramex has the joint venture GT Music Licences Ltd (2647504-7) with Teosto for the purpose of the sale and customer service of background music licences. Gramex owns 50% of it. The joint venture collected approximately EUR 9.1 million for the rightsholders of Gramex in 2019.

Gramex has co-founded the Finnish Music Foundation MES (Musiikin edistämissäätiö sr, 2502897-4) together with Teosto. Gramex appoints half of the members of its Board and the Chairman together with Teosto. Gramex is one of the fifteen member associations of the Copyright Information and Anti-Piracy Centre (Tekijänoikeuden tiedotus ja valvontakeskus ry, 1926210 7) and has one seat on its Board. Gramex is also one of the six members of Tekijänoikeusakatemia ry (2297190 8) and holds one seat on its Board as well.

In addition, Gramex owns a share in the Sport Institute in Vierumäki (0861730-4, Vierumäen Loma-aika Oy).

3.4. REMUNERATIONS AND BENEFITS OF BOARD MEMBERS AND MANAGING DIRECTOR

(Annex to the Directive, point 1 (f))

During the business year, the Board elected by the organisation's meeting comprised of the Chair Tuuja Brax and the ordinary members Mark Fry, Antti Kotilainen, Matti Lappalainen, Jouni Nieminen (resigned on 15 March 2019), Lottaliina Pokkinen (started on 16 March 2019), Kimmo Valtanen and Ahti Vääntinen. The Board convened 10 times. The Managing Director of the organisation is Ilmo Laevuo. The remunerations and benefits of the Board of Directors and the Managing Director totalled EUR 230 451.50.





3.5. DEDUCTIONS FOR THE PURPOSES OF SOCIAL, CULTURAL AND EDUCATIONAL SERVICES

(Annex to the Directive, points 1 (h) and 3 (a) & (b))

No deductions were made from rights revenues during the financial year for social, cultural or educational purposes. The practice is that no such deductions are made.

3.6. FINANCIAL INFORMATION

(Annex to the Directive, point 1 (g))

Gramex introduced a new client management and distribution system in the spring of 2017. The first distributions made with the new system covered remunerations collected in 2016 for performance and use. Earlier remunerations were distributed and paid using Gramex's old system. As a result, reports still show some distributions and payments made using the old system. In practice, Gramex's system performs distribution calculations and payments of remunerations automatically for three or more previous collection years.

With the new systems, a new categorization of forms of use was also taken into use, and it applies to remunerations collected in 2016 and thereafter.

3.6.1. RIGHTS REVENUE

(Annex to the Directive, point 2 (a) and (b) (i) & (vi))

Gramex invoiced a total of EUR 23.6 (23.5) million in remunerations during the financial year. Gramex acts as an intermediary, so the remunerations do not constitute Gramex's income in the financial statements. The breakdown of revenue by form of use is presented in the table below. The rights related to each form of use are specified in Gramex's client agreement.

Rights revenue 2019 (€)

		Administration expenses
Radio and television use	8 899 178	-1 441 134
Retransmission	52 250	-8 461
Background music	9 024 336	-1 461 402
Internet and data network	2 995 470	-485 087
Audio fixations and audiovisual programs	1 057 354	-171 228
Private copying levies	1 077 194	-174 441
Music videos	37 807	-6 122
Term of protection	34 465	-5 581
Remuneration from abroad	431 089	
TOTAL	23 609 143	-3 753 456

3.6.2. INVESTMENT INCOME

(Annex to the Directive, point 2 (a))

The objective of the investment plan annually approved by the general assembly of Gramex is, on the long term, to ensure appropriate, productive and secure investment while keeping in mind the profit level, the accepted risk level, the accountability of the investment activities, and liquidity.

The 2019 net book result from investment and financing activities was EUR 1.115 (-0.117) million. No investment income will be allocated to funds accrued during 2019 but, instead, the result from investment and financing activities will be transferred to the interest reserves of the coming years. Investment income will not be subject to any administration expenses deduction. Before the allocation of the investment income, the expenses of investment activities and investment losses will be deducted from it. The expenses of investment activities and investment losses were EUR 0.173 million in 2019.

The result from investment and financing activities was allocated as follows: EUR 0.651 (-0.068) million to the investment income of the distribution and EUR 0.448 (-0.048) million to funds distributed later, EUR 0.016 (-0.002) million to promotion activities.

3.6.3. - 3.6.4. ADMINISTRATION EXPENSES (Annex to the Directive, point 2 (b)(i), (ii), (iii) & (iv))

The costs of Gramex's operations amounted to EUR 3.75 (3.92) million in 2019. On 31 December 2019, Gramex employed 20 (23) people.

The administration expenses deduction for the year 2019 is an amount corresponding to the costs arising from Gramex's administration, EUR 3.753 (3.918) million.

In 2019, the amount of remuneration subject to the expense deduction was EUR 23.178 (22.840) million. The costs arising from administration totalled EUR 3.753 million in 2019. The percentage of the administration expenses deduction for the remunerations collected in 2019 was thus 16.2%. The correspondingly calculated percentage for remunerations collected in 2018 was 17.2%.

Rights revenues are used to cover the costs of services offered to the rightsholders in relation to the management of rights. No deductions other than the administration expenses deduction as per the administration expenses percentage will be made from rights revenue. Gramex does not allocate the costs arising from the management of rightsholders' rights per category of rights, using instead the annually determined percentage for all categories of managed rights.

The administration expense percentage for 2019 was determined using the following method:

A: Net expenses of operation for 2019

B: Amount of remuneration collected in 2019 subject to expenses deduction

C: Administration expenses percentage = $A/B \times 100$

Gramex only provides services related to rights management, so Gramex does not have any operating and financial costs with regard to services other than the management of rights, as referred to in point 2(b)(iii) of the Annex to the Collective Rights Management Directive.

3.7. FUNDS DUE TO RIGHTSHOLDERS

(Annex to the Directive, point 2 (c))

Gramex distributes part of the collected remunerations directly to rightsholders and part to foreign copyright organisations representing rightsholders. Remunerations for performances collected in July-December 2018 were paid in May 2019, and remunerations for performances collected in January-June 2019 were paid in December 2019. Part of the remunerations are thus paid during the year of their collection. Most of the remaining remunerations will reach their destinations within the next three years, which is how long the normal distribution and payment process lasts.

If any deficiencies preventing the distribution of remunerations occur in the data concerning the played phonograms or recipients of the remuneration, they will be investigated as required under the Act on Collective Management of Copyright, for several years if necessary. If the investigations are inconclusive, the general assembly of Gramex will decide on how these funds (statute-barred remunerations) will be used to promote music in accordance with Gramex's rules.

Below is an itemisation of funds in the various stages of this process as well as in-

vestigations and other measures relating to them, broken down in accordance with the Annex to the Directive 2014/26/EU of the European Parliament and of the Council. It should be noted that some of the categories set out in the Directive partially overlap.

Division in Gramex's operation in accordance with the Directive (some categories overlap)

- 3.7.1. Collected funds: collected remunerations invoiced in 2019 and earlier amounted to EUR 34.49 million in the financial statements of 31 December 2019

- 3.7.2. Funds attributed to phonograms ('placeholders'): EUR 11 995 031.05 has been attributed to phonograms whose incomplete phonogram or rightsholder information still prevents allocation to rightsholders

- 3.7.3. Funds attributed to rightsholders: EUR 2 745 209.73 has been allocated to rightsholders to wait for distribution but payment has not yet been made

- 3.7.4. Funds paid to rightsholders: EUR 19 809 786.24 was paid out to rightsholders in 2019

- 3.7.6. Undistributed funds: EUR 5.00 million constitute 'undistributed' funds under the Directive, which Gramex has been unable to pay to rightsholders during the usual three-year process



TABLES AND OTHER TEXT OF THE TRANSPARENCY REPORT

Funds collected but not yet attributed to rightsholders	2013	2014	2015	2016	2017	2018	2019	Total
Radio and television use:	3 802,55	9 661,42	248 749,15	943 161,57	903 839,33	1 681 473,78	6 625 376,67	10 416 064,47
Background music:	0,00	0,00	0,00	1 017 920,68	1 316 572,87	1 146 935,62	4 979 650,55	8 461 079,72
Internet and data network:	0,00	0,00	17 112,64	1 017 826,12	639 551,27	1 503 141,64	1 640 724,81	4 818 356,49
Audio fixations and audiovisual programs:	693,98	77,98	18 033,28	296 699,44	242 817,94	299 345,94	624 036,86	1 481 705,43
Private copying levies:	0,00	0,00	0,00	88 247,79	169 172,14	185 306,71	1 077 194,29	1 519 920,94
Music videos:	0,00	0,00	51 773,89	0,00	0,00	27 206,04	14 397,52	93 377,45
Term of protection:	0,00	0,00	0,00	0,00	0,00	0,00	34 464,88	34 464,88
Remuneration from abroad:	0,00	0,00	0,00	0,00	0,00	0,00	338 758,03	338 758,03
Investment income:	0,00	0,00	0,00	0,00	178 989,52	-67 644,24	1 099 394,84	1 210 740,12
Foreign representation agreements:	0,00	0,00	0,00	2 851,12	2 248,73	5 770,06	661,90	11 531,80
Back to distribution:	44 326,15	0,00	0,00	9 452,52	0,00	267 219,54	26 761,64	347 759,86
Remuneration liabilities in old financial management system:	0,00	0,00	0,00	461 254,49	1 654 984,32	0,00	0,00	2 116 238,81
TOTAL	48 822,69	9 739,40	335 668,96	3 837 413,74	5 108 176,11	5 048 755,09	16 461 422,00	30 849 997,99

4. TABLES AND OTHER TEXT OF THE TRANSPARENCY REPORT

4.1. COLLECTED FUNDS

(Annex to the Directive, point 2 (c)(iv))

Collected but as yet undistributed collected remunerations are shown in Gramex's financial statements as undistributed remuneration liabilities. Gramex's financial statements contain EUR 34.49 (35.35) million in undistributed remuneration liabilities:

- Remuneration liabilities awaiting distribution process amount to a total of EUR 18.85 million.
- In the old distribution system, the unattributed remuneration liabilities are EUR 0.75 million.
- In the new distribution system, the remuneration liabilities (placeholders and remunerations waiting for payment) amount to EUR 14.74 million.
- EUR 0.15 million is in other distribution processes.

Remuneration liabilities in the old financial management system cannot be distributed by form of use.

Section 4.2. covers funds allocated to a phonogram in greater detail. In Gramex's operations, funds allocated to phonograms together with remuneration liabilities awaiting distribution process constitute the funds referred to in point 2 (c)(iv) of the Annex to the Directive.

Gramex invoiced a total of EUR 23,609 million in remunerations during the financial year 2019. Out of the remunerations invoiced in 2019, at the end of the year altogether EUR 14.027 million was in the phase where it waits for distribution process. Out of the remunerations invoiced in 2019, at the end of the year altogether EUR 1.335 million was in placeholder mode. This means that a total of EUR 8.247 million out of the remunerations invoiced during the financial period 2019 was attributed to rightsholders during the period. Out of the remunerations invoiced during the financial period 2019, a total of EUR 15.362 had not been attributed to rightsholders at the end of the period.

4.2. FUNDS ATTRIBUTED TO PHONOGRAMS, I.E. 'PLACEHOLDERS'

(Annex to the Directive, point 2 (c)(vi))

All uses of phonograms reported during the calendar year are pre-processed at the stage where the phonograms are identified. Protected phonograms for the use of which Gramex has collected remunerations are examined in this stage. Distribution calculations of the collected remunerations will be made for these phonograms insofar as they are included in the distributions of each collection period. The administration expenses deductions and the added investment income distributions of the collection year are taken into consideration.

Once the remunerations of an individual phonogram have thus been calculated, the remuneration amounts accrued on the phonogram will be allocated and paid to their rightsholders.

If Gramex does not have the phonogram or rightsholder information of the pho-

nograms, a remuneration that has been through the distribution process and calculated on a phonogram will be left waiting for information on the rightsholder or their representative.

Such a phonogram is said to be in 'placeholder mode' and is considered to constitute an 'unidentified phonogram'. In other

words, these are phonograms which have been used in Finland and reported to Gramex and for which the remunerations have already been individually calculated and allocated but which are missing accurate phonogram or rightsholder data in whole or in part. Gramex tries to establish the data of such phonograms as required under the Act on Collective Management of Copy-

right and the Collective Rights Management Directive.

Funds allocated to such phonograms, i.e. collected remunerations in 'placeholder mode', amounted to EUR 11.995 million at the end of the financial period on 31 December 2019. A detailed breakdown is presented in the tables below:

Placeholder / producers: Collection period	2013	2014	2015	2016	2017	2018	2019	Total
Radio and television use:	1 069,29	3 063,26	124 258,05	303 509,87	246 878,19	346 328,20	221 914,88	1 247 021,74
Background music:				471 007,96	923 063,04	635 853,05	220 256,17	2 250 180,21
Internet and data network:			9 978,00	982 299,93	601 925,19	683 835,81	7 650,16	2 285 689,11
Audio fixations and audiovisual programst:	688,35	77,48	17 331,95	281 202,10	238 753,62	232 583,38	39 447,61	810 084,49
Private copying levies:				18 944,74	45 606,71	52 679,31		117 230,76
Music videos:			44 563,92					44 563,92
Foreign representation agreements:				117,65	849,76	5 770,06	661,90	7 399,37
Abroad (organisations)*								0,00
Others:								0,00
Back to distribution:	44 326,15			9 452,52		267 219,54	26 761,64	347 759,86
	46 083,79	3 140,74	196 131,92	2 066 534,77	2 057 076,52	2 224 269,35	516 692,36	7 109 929,44
Placeholder / performers: Collection period	2013	2014	2015	2016	2017	2018	2019	Total
Radio and television use:	2 733,26	6 598,15	124 491,10	639 651,70	656 961,13	718 649,68	416 453,61	2 565 538,65
Background music:				546 912,73	393 509,83	511 082,57	388 648,83	1 840 153,96
Internet and data network:			7 134,64	35 526,19	37 626,08	23 569,21	13 179,44	117 035,56
Audio fixations and audiovisual programs:	5,64	0,50	701,33	15 497,35	4 064,32	4 916,00	350,02	25 535,14
Private copying levies:				69 303,05	123 565,43	132 627,40		325 495,89
Music videos:			7 209,97					7 209,97
Foreign representation agreements:				2 733,47	1 398,97			4 132,44
Abroad (organisations)*								0,00
Others:								0,00
Back to distribution:								0,00
	2 738,90	6 598,66	139 537,05	1 309 624,48	1 217 125,76	1 390 844,87	818 631,90	4 885 101,61
Placeholder / total :	Total							
Radio and television use:	3 812 560,39							
Background music:	4 090 334,17							
Internet and data network:	2 402 724,67							
Audio fixations and audiovisual programs:	835 619,63							
Private copying levies:	442 726,65							
Music videos:	51 773,89							
Foreign representation agreements:	11 531,80							
Abroad (organisations)*	0,00							
Others:	0,00							
Back to distribution:	347 759,86							
	11 995 031,05							

Delays and measures

The placeholder phonograms ('unidentified phonograms') mostly consist of foreign phonograms with respect to which Gramex is mainly missing the correct rightsholder information, real-time licence holder information or detailed identification data of the phonograms.

Insofar as placeholder phonograms include Finnish phonograms, it is question of Gramex not having received the relevant phonogram report indicating the information and rightsholders of the phonogram. As for collected remunerations calculated for phonograms in placeholder mode, the process proceeds as follows:

- As of March 2019, the information on performing artists' placeholder phonograms arising in the distribution during 2019 is delivered to foreign copyright organisations that have concluded a representation agreement with Gramex and represent performing artists. Information concerning collection period 1-12 / 2019 will be delivered as of February 2020.

The delivery of the data takes place with files created of reports on the use of phonograms. As a result of the exchange of information with the foreign organisation, Gramex receives more detailed information about the phonogram and the role and representation (which organisation represents the performing artist) of the artist performing on the phonogram. Based on this received data, the distribution and payment of the remunerations calculated in the distribution process to the correct rightsholder is carried out next. The exchange of information and payment of remunerations with foreign organisations have been mainly carried out during the year 2019 for the use of phonograms in 2018. The remunerations for the use of phonograms in 1-12 / 2019 will be mainly paid during the year 2020 if the foreign organisations are able to process the data regarding use in Finland.

- As of the beginning of 2020, information concerning producers' placeholder phonograms arising in the distribution of the year 2019 will be delivered to producers who are Gramex's customers. The producers will be

provided with lists of the phonograms by means of files. The producers shall present Gramex with claims concerning the phonograms they represent and provide a reply containing up-to-date information on the rightsholder or licenceholder. For Finnish phonograms, the producers will provide phonogram reports also indicating the artists performing on the phonogram. Placeholder phonograms arising from the distributions of 2017 and 2018 (collected mainly in 2016 and 2017) have been published on Gramex's website in December 2018 and December 2019. The information on the website will always be updated after the distributions and payments.

- Gramex's distribution process works in real time so that every time the system receives new data on a phonogram or rightsholder either from foreign organisations or from Gramex's direct customers through automated or manual exchange of information, the relevant remuneration sum concerning the phonogram and the rightsholder will transfer from placeholder mode to the phase where it waits for payment, in which the remunerations of an individual rightsholder from various uses and phonograms are combined into total sums.

4.3. FUNDS ATTRIBUTED TO RIGHTSHOLDERS

(Annex to the Directive, point 2 (c)(i) & (v))

Remunerations collected on the basis of data on the use of identified phonograms will be allocated to artists performing on the phonogram and to the producers of the phonogram. Once the calculation of remunerations and the combination of remunerations to an individual rightsholder has been carried out, the outstanding remunerations enter the phase where they wait for payment.

In this stage, the amounts due to an individual rightsholder for different phonograms are combined and the remunerations are transferred to a balance payable to the individual rightsholders to wait for the moment they are paid. The remuneration sums transferred to the rightsholder are simultaneously automatically removed from the balances of individual phonograms (placeholder holders).

Funds attributed to rightsholders transferred between 1 January - 31 December 2019 to wait for payment

Form of use	Producers	Performers	Total
Radio and television use:	3 465 309,70	3 287 716,23 €	6 753 025,94 €
Background music:	4 048 559,23	3 386 005,59 €	7 434 564,83 €
Internet and data network:	997 223,87	510 241,89 €	1 507 465,76 €
Audio fixations and audiovisual programs:	598 654,93	1 470 681,92 €	2 069 336,84 €
Private copying levies:	612 475,23	567 563,69 €	1 180 038,92 €
Music videos:	0,00	131,76 €	131,76 €
Foreign representation agreements:	37 850,26	234 851,57 €	272 701,83 €
Abroad (organisations):	0,00	25 022,98 €	25 022,98 €
Others:	0,00	50 516,39 €	50 516,39 €
Back to distribution:	714 015,11	0,00 €	714 015,11 €
Transferred from old system:	0,00	40,05 €	40,05 €
Total	10 474 088,33	9 532 772,07	20 006 860,42

When the remunerations are waiting for payment, the recipients' payment details and, inter alia, the tax status of each person receiving payment are checked: for example the correct rate of withholding tax with respect to foreign recipients. On 31 December 2019, Gramex had a total of EUR 2.745 million in collected remunerations which had been individually alloca-

ted to rightsholders but were still waiting for payment. In Gramex's operation, there is no difference between the amounts attributed to rightsholders and the amounts attributed to but not yet distributed to rightsholders referred to in the Collective Rights Management Directive. They are divided as presented in the tables below:

Awaiting payment / producers:

Collection period	2013	2014	2015	2016	2017	2018	2019	Total
Radio and television use:	506,27	1 017,87	1 057,26	123 083,03	90 053,53	137 443,83	103 166,96	456 328,74
Background music:				132 178,44	142 877,06	163 723,55	117 908,56	556 687,61
Internet and data network:			677,07	56 961,54	60 792,53	107 017,40	2 698,43	228 146,98
Audio fixations and audiovisual programs:	80,30	6,26	4 331,03	33 255,12	36 269,10	41 531,10	7 652,93	123 125,84
Private copying levies:				16 474,75	29 748,41	45 261,13		91 484,30
Music videos:			6 991,32	2 311,88				9 303,20
Foreign representation agreements:				879,38	2 362,88	397,19	444,73	4 084,19
Abroad (organisations)*								0,00
Others:								0,00
Back to distribution:	18 235,87			3 888,79		84 628,63	2 055,85	108 809,13
Payments originating from Heureka:								24 561,80
	18 822,43	1 024,13	13 056,68	369 032,94	362 103,51	580 002,83	233 927,46	1 602 531,79





Awaiting payment / performers:

Collection period:	2013	2014	2015	2016	2017	2018	2019	Total
Radio and television use:	316,46	774,73	5 837,15	65 646,59	75 138,92	99 716,63	67 269,52	314 700,00
Background music:				73 071,20	68 896,06	140 847,84	90 069,64	372 884,75
Internet and data network:			229,86	8 781,22	26 193,13	49 090,63	1 382,06	85 676,90
Audio fixations and audiovisual programs:	5,96	0,47	471,37	3 236,05	4 241,63	32 953,55	86 501,70	127 410,72
Private copying levies:				16 844,94	23 596,37	32 311,25		72 752,56
Music videos:			622,22					622,22
Foreign representation agreements:				570,94	24 176,61	13 237,51	2 751,59	40 736,65
Abroad (organisations)*							1 000,00	1 000,00
Others:					6 713,31	2 626,79	2 787,69	12 127,80
Back to distribution:								0,00
Payments originating from Heureka:								114 766,35
	322,42	775,19	7 160,61	168 150,95	228 956,01	370 784,21	251 762,21	1 142 677,95

Awaiting payment / total	Total
Radio and television use:	771 028,74
Background music:	929 572,35
Internet and data network:	313 823,88
Audio fixations and audiovisual programs:	250 536,55
Private copying levies:	164 236,86
Music videos:	9 925,42
Foreign representation agreements:	44 820,84
Abroad (organisations)*	1 000,00
Others:	12 127,80
Back to distribution:	108 809,13
Payments originating from Heureka:	139 328,15
	2 745 209,73

4.4. FUNDS PAID TO RIGHTS-HOLDERS

(Annex to the Directive, point 2 (c)(ii))

The funds paid to rightsholders during the financial period amounted to EUR 19,8 million.

In Gramex's distribution and payment process, the remunerations are paid to the rightsholders in what is called the payment phase. During the calendar year 2019, Gramex paid the following collected remunerations classified by form of use and rightsholder group:

Paid / producers:

Collection period	2013	2014	2015	2016	2017	2018	2019(1-6)	Total
Radio and television use:	-298,26	-9 130,64	0,00	-77 989,68	-99 472,21	-1 798 701,90	-1 462 209,93	-3 447 802,62
Background music:				-92 551,49	-134 958,05	-2 026 709,61	-1 735 796,44	-3 990 015,59
Internet and data network:		-40 510,90	-66 742,43	-147 968,18	-152 277,40	-459 423,78	-28 838,93	-895 761,62
Audio fixations and audiovisual programs:	-45,22	-4,31	-932,84	-23 652,82	-34 685,60	-421 922,30	-85 040,34	-566 283,42
Private copying levies:				-9 952,61	-20 638,03	-556 935,47		-587 526,12
Music videos:								0,00
Foreign representation agreements:				-11,08	-10 834,80	-11 041,24	-15 458,43	-37 345,55
Abroad (organisations)*								0,00
Others:								0,00
Back to distribution:	-11 448,37			-2 441,36		-660 302,54	-37 390,50	-711 582,77
Payments originating from Heureka	-11 791,84	-9 134,95	-932,84	-302 666,78	-452 866,09	-5 935 036,84	-3 364 734,58	-10 236 317,69
								-4,43

Paid / performers :

Collection period	2013	2014	2015	2016	2017	2018	2019(1-6)	Total
Radio and television use:	-720,87	-8 359,86	0,00	-145 684,60	-170 420,94	-1 740 177,64	-1 303 568,64	-3 368 932,56
Background music:				-135 519,36	-170 042,54	-1 614 319,51	-1 487 541,26	-3 407 422,66
Internet and data network:			-31,89	-261 806,68	-70 627,32	-156 538,06	-24 626,02	-513 629,98
Audio fixations and audiovisual programs:	-67,20	-6,17	-1 249,27	-31 726,56	-30 840,19	-135 446,09	-1 210 521,58	-1 409 857,06
Private copying levies:				-25 226,05	-39 421,74	-489 937,26		-554 585,05
Music videos:			-0,05					-0,05
Foreign representation agreements:				-126,00	-5 805,31	-7 346,62	-230 627,67	-243 905,60
Abroad (organisations)*							-24 022,98	-24 022,98
Others:					-893,92	-573,41	-47 728,70	-49 196,02
Back to distribution:								0,00
Payments originating from Heureka	-788,07	-8 366,04	-1 281,21	-600 089,24	-488 051,95	-4 144 338,59	-4 328 636,85	-9 571 551,95
								-1 912,17

Paid / total:	Total
Radio and television use:	-6 816 735,17
Background music:	-7 397 438,26
Internet and data network:	-1 409 391,60
Audio fixations and audiovisual programs:	-1 976 140,48
Private copying levies:	-1 142 111,17
Music videos:	-0,05
Foreign representation agreements:	-281 251,15
Abroad (organisations)*	-24 022,98
Others:	-49 196,02
Back to distribution:	-711 582,77
	-19 807 869,64
Payments originating from Heureka	-1 916,60
TOTAL	-19 809 786,24

*Breakdown of remunerations paid abroad (organisations) in 2019 (from old system)

	Producer	Performer	Total
ARTISTI 2012	0,00	1 581,10	1 581,10
ARTISTI 2013	0,00	1 851,78	1 851,78
AFM SAG AFTRA	0,00	13 281,40	13 281,40
ARTISTI 2014	0,00	1 705,75	1 705,75
AFM SAG AFTRA 2015	0,00	5 602,95	5 602,95
	0,00	24 022,98	24 022,98

4.5. DISTRIBUTION SCHEDULE (Annex to the Directive, point 2 (c)(iii))

During 2019, Gramex performed the following main distributions and the related payments:

- 21 May 2019 the main distribution and payment of primarily the forms of use Radio Use, Background Music and Private Copying Levies was made (mainly collected 7-12/2018)
- 24 September 2019 the main distribution and payment of the forms of use Sound and Visual Recordings and Internet and Data Network was made (mainly collected 1-12/2018)
- 10 December 2019 the main distribution and payment of primarily the forms of use Radio Use and Background Music was made (mainly collected 1-6/2019)

In connection with all distributions, remunerations received from abroad were also forwarded.

4.6. UNDISTRIBUTED FUNDS (Annex to the Directive, point 2 (c)(vii))

Funds which have remained undistributed at the end of the financial period as referred to in Section 27 of the Act on Collective Management of Copyright amounted to EUR 5.00 million, EUR 1.21 million of which were from the years 2014-2015 and EUR 3.79 million from 2016. The performers' share is EUR 2.66 million and the producers' share EUR 2.34 million. The general assembly of spring 2020 decides on the use of the funds which have become statute-barred by the turn of the year 2019/2020.

Gramex's statutory general assembly annually decides on the use of statute-barred and undistributed rights revenue. Gramex has published a list of unidentified phonogram tracks (placeholders) on its website with the aim of identifying unknown rightholders.

In the general assembly held on 7 June 2019, a decision was made on the use of such funds which remained undistributed on and had become statute-barred by 31 December 2018. It was determined that EUR 1.53 million of the undistributed funds constitute remunerations whose rightholders could still be identified, and a reservation was made for them. Out of the remunerations that had become statute-barred, the share of the performers, EUR 1.58 million, was transferred to the promotion activities reserve and the share of the producers, EUR 0.83 million, was returned to the distributed funds.

During the business year, Gramex supported the operation of Esittävän säveltaiteen edistämissäätiö sr (ESES) with funds from the promotion activities reserve with a total of EUR 1.49 million. The sum was comprised of statute-barred remunerations of performers.

4.7. - 4.10. OTHER COLLECTIVE MANAGEMENT ORGANISATIONS (Annex to the Directive, point 2 (d)(i), (ii) & (iv))

Kopioisto provides licences for the retransmission and certain uses of audio fixations and audiovisual programs on behalf of rightholders represented by Gramex on the basis of an extended collective licence. Kopioisto forwards the rights revenue from licensing to Gramex.

Gramex provides licences for online storage services for television programmes. Kopioisto invoices remunerations related to these online storage services on behalf of Gramex and passes them on to Gramex.

Gramex provides licences for the use of background music in events. Authorised by Gramex, Teosto takes care of the customer service and invoicing of remunerations of background music licences for events. Teosto forwards the rights revenue from licensing to Gramex.

Funds collected for Gramex by Finnish collective management organisations

Funds licensed on the basis of an extended collective licence

	KOPIOSTO	Administration expenses
Retransmission	52 249,70 €	-8 461,32 €
Audio fixations and audiovisual programs	38 062,23 €	-6 163,80 €
Total	90 311,93 €	-14 625,12 €

Funds licensed by Gramex but invoiced by other collective management organisations

	TEOSTO	KOPIOSTO	Administration expenses
Background music	168 364,30 €		-27 264,93 €
Internet and data network (online storage services for television programmes)		1 386 957,00 €	-224 604,0 €
Total	168 364,30 €	1 386 957,00 €	-251 868,88 €

Gramex conveyed EUR 2.844 million to foreign sister organisations under representation agreements. Gramex received EUR 0.431 million from foreign sister organisations. The remunerations transferred between foreign organisations and Gramex are itemised in the following tables. The first one shows how much Gramex paid to different associations in remunerations collected in Finland. The second one shows the amounts of remunerations received by Gramex from foreign organisations and the amounts of such remunerations allocated to Finnish rightholders.

Gramex distributes all amounts from foreign collective management organisations directly to rightholders. Amounts from Teosto and Kopioisto deducted by the management fee deduction are distributed directly to rightholders. To the best knowledge of Gramex, foreign collective management organisations mainly distribute any amounts collected and paid to such organisations by Gramex directly to rightholders.

PAID BY GRAMEX TO DIFFERENT ORGANISATIONS 1 January - 31 December 2019

Organisation	Country	PERFORMERS					PRODUCERS					TOTAL		
		Radio and television use	Internet and data network		Private copying levies	Background music	Audio fixations and audiovisual programs	Radio and television use	Internet and data network		Private copying levies		Background music	Audio fixations and audiovisual programs
AARC	USA					7 579,12								7 579,12
ACTRA	CAN	25 823,06	375,92			3 944,47	23 910,41	51,52						54 105,38
ADAMI	FRA	13 280,32	358,64			2 197,05	10 991,06	215,72						27 042,79
AFM SAG-AFTRA	USA	28 117,40	136,56			2 598,66								30 852,62
AGATA	LTU	160,40	3,90			2,42	71,92							238,64
AGEDI	ESP							84,98			33,49	119,28	1,37	239,12
AIE SOCIEDAD DE ARTISTAS DE	ESP	10 991,24	124,82			2 444,06	8 111,59	27,65						21 699,36
ARTISTI CANADA	CAN	8 445,53	51,07			1 902,78	3 071,18	14,08						13 484,64
CREDIDAM ROMANIA	ROU	421,64	7,37			72,32	405,81							907,14
EEL	EST	4 237,63	54,50	2,81		68,47	1 402,46	61,38						5 827,25
EFU VIRO	EST							1 861,02	376,43	1 245,65	285,21	1 330,54	1 538,87	6 637,72
GDA	PRT	1 026,84	36,03			364,79	703,24							2 130,90
GESELLSCHAFT ZUR VERWERTUNG	DEU	26 233,15	108,12	108,36		7 505,88	25 476,24	137,27						59 569,02
GRAMEX DENMARK	DEN	12 239,29	168,54			2 799,88	11 532,26	150,38	3 790,43	152,52	1 041,53	607,66	2 792,79	35 410,30
GRAMO NORWAY	NOR	5 901,55					5 902,28		3 887,36	259,52	967,46	1 151,77	13 380,21	36 820,15
IFPI SWEDEN	SWE							43 240,34	1 288,42	4 410,36	3 555,89	34 887,94	2 886,71	90 269,66
INTERGRAM	CZE	2 364,65	69,07	5,23		106,62	1 253,10	0,81	1 601,88	15,61		14,64	450,58	5 882,19
IPF	SVN	60,89	1,45			9,87	44,23							116,44
LSG INTERPRETEN GMBH	AUT	646,23	12,10	2,30		146,63	338,14	97,96						1 243,36
MROC	CAN	5 508,28	85,91			1 058,62	6 512,13							13 164,94
NUOVO IMAIE	ITA	5 003,24	89,70			1 893,88	5 061,43	63,29						12 111,54
PLAYRIGHT C.V.B.A.	BEL	2 962,06	32,30			885,89	3 533,70	32,31						7 446,26
PPL	GBR	525 295,91	17 911,23	43 177,05		89 433,80	535 465,60	206 205,06	105 635,54	3 498,49	17 051,82	14 121,90	94 918,67	1 662 396,60
R.A.A.P LIMITED	IRL	16 759,98	259,70			3 851,61	19 324,88	223,67						40 419,84
SAMI - SVENSKA ARTISTERS OCH MUSIKERS	SWE	126 080,43	4 682,00	14 107,52		20 051,22	167 094,61	15 549,85						347 565,63
SCF S.R.L.	ITA								58,81		32,98	77,08		168,87
SENA NETHERLANDS	NLD	33 839,69	409,12			0,10	32 681,77	1,18	4 505,94	204,48	998,28	1 125,93	3 622,57	77 899,95
SOUND EXCHANGE INC	USA	15 106,11	212 440,52			184,43	1 251,95	150,12	53 052,49	52,63	1,81	222,99	127,00	282 590,05
STOART - ZWIASEK ARTYSTOW	POL	263,12	9,52			5,42	130,32							408,38
SWISSPERFORM	CHE	8,71	0,23			0,15	4,14							13,23
TOTAL		870 777,35	237 428,32	57 403,27	149 108,14	864 274,45	222 832,13	164 816,42	58 847,96	25 767,73	20 931,28	151 802,65	20 251,39	2 844 241,09

REMUNERATIONS FROM FOREIGN ORGANISATIONS AND THEIR ALLOCATION TO RIGHTSHOLDERS 2019

(table contains both "amounts attributed to but not yet paid to rightsholders" and "amounts paid to rightsholders")

ORGANISATION	COUNTRY	RECEIVED FROM ORGANISATIONS 1.1. – 31.12.2019		ATTRIBUTED TO RIGHTSHOLDERS 1.1. – 31.12.2019	
		PERFORMER	PRODUCER	PERFORMER	PRODUCER
ACTRA	CAN	3 572,72		1 447,44	
ADAMI	FRA	4 215,66		6 428,06	
AFM	USA	175,19		175,19	
AGATA	LTU	1 048,24		570,53	
AIE	ESP	10 335,39		9 542,49	
EFU	EST				639,68
EEL	EST	2 258,15		3 122,50	
EJI	HUN	125,93		125,93	
GDA	PRT	403,65			
GEIDANKYO	JPN	9 018,65		8 033,10	
GRAMEX DK	DNK	27 881,42	1 752,72	29 957,23	2 820,23
GRAMO	NOR	13 699,14	6 829,90	11 504,81	5 128,75
GVL	DEU	20 115,41		20 115,41	
IFPI	SWE		13 010,88		32 873,13
IMAIE	ITA	8 517,85		8 594,6	
INTERGRAM	CZE	4 137,82		4 137,82	
IPF	SVN	648,22			
LAIPA	LVA	1 394,39		1 089,07	
LSG	AUT	11 278,47		11 278,47	
MTU Eesti Fonogrammitootjate	EST		639,68		
NORMA	NLD	2 073,96		1 858,56	
Norwaco	NOR	829,46			
PLAYRIGHT C.V.B.A.	BEL	7 828,75		5 418,83	
PPL	GBR	33 339,57	4 834,55	40 828,94	2 573,365
RAAP	IRL			388,24	
SAMI	SWE	155 707,10			
SENA	NLD	42 711,58	43,92	36 418,01	60,74
SLOVGRAM	SVK	123,20			
SOUNDEXCHANGE	USA	21 718,71	12,89	20 830,2	11,63
STOART	POL	4 018,60		3 776,15	
SWISSPERFORM	CHE	16 787,13		7 694,85	
TOTAL		403 964,36	27 124,54	233 336,43	44 107,52



In international co-operation of collective management organisations, the principle is that the organisation collecting the remunerations deducts the administrative expenses while the distributing organisation makes no such deductions.

No deductions other than Gramex's administrative expense deductions have been made from the amounts paid to foreign collective management organisations. The sums presented in the table are net sums after the administrative expense deduction. The paid amounts include remunerations collected over several years, deducted by the administration expense deduction of the respective year (table below). The amounts paid to foreign collective management organisations in 2019 were mainly collected in 2018. The 2019 Christmas distribution also saw the payment of remunerations collected in January-June 2019.

Gramex is unable to provide a breakdown of the allocations of amounts received from foreign organisations per category of right or per type of use since the collective management organisations paying the remunerations do not provide such information. Distribution agreements concluded with foreign collective management organisations concern radio and television use, background music use and private copying levies. The received remunerations concern these types of use as a total amount

of remuneration attributed to particular rightsholders. No administration expenses are deducted from amounts received from foreign collective management organisations.

General administration expenses concerning Gramex's distributions made between 2012 and 2019 have been deducted from and the investment income of these years has been correspondingly added to remunerations collected for phonograms used during the calendar years 2012-2019 in Finland and paid to rightsholders represented by foreign organisations under representation agreements during 2019

Gramex does not deduct any management fees from remunerations paid to Gramex by foreign organisations on the basis of representation agreements during the year 2019.

The following table shows what kinds of representation agreements Gramex has with different organisations. "A" agreements mean an arrangement where the remunerations are distributed by the collecting organisation to another contracting party. "A" agreements usually follow a 'bilateral model', meaning that remunerations are transferred to and from both contracting parties. In a unilateral version of an "A" agreement, remunerations are transferred to only one contracting party. "B" agreements refer to an arrangement whereby collected remunerations remain with the collecting organisation.

Collection year -distribution	2012 2013:	2013 2014:	2014 2015:	2015 2016:	2016 2017:	2017 2018:	2018 2018:	2019 2019:
Administration expense percentage	13,2%	14,4%	16,1%	16,6%	15,6%	16,7%	17,2%	16,2%
	1,2%	3,2%	6,5%	9,3%	3,0%	5,4%	0,0%	0,0%

GRAMEX'S REPRESENTATION AGREEMENTS WITH FOREIGN ORGANISATIONS

Country	Producers Organisation	Type of agreement	Performers Organisation	Type of agreement
Argentina			CADIF	B
Belgium			PlayRight	A
Spain	Agedi	A	AIE	A
Netherlands	SENA	A	SENA	A
Ireland			RAAP	A
Iceland			SFH	A
Great Britain	PPL	A	PPL	A
Italy	SCF	A	Nuovo IMAE	A
Austria			LSG	A
Japan			Geidankyo	A
Canada	Re:Sound	A	ACTRA	A
Canada			ARTISTI	A Unilateral model from Finland
Canada			MROC	A
Greece	Grammo	A		
Croatia			Huzip	B – agreement negotiations ongoing (A)
Latvia	LaiPa	A	LaiPa	A
Lithuania	AGATA	agreement negotiations ongoing	AGATA	A
Malaysia			PRISM	B
Norway	Gramo	A	Gramo	A
Norway			Norwaco	A (private copying levies)
Portugal			GDA	A
Poland			SAWP/STOART	A
France			Adami	A
France	SCPP	agreement negotiations ongoing	SPEDIDAM	B – agreement negotiations ongoing (A)
Romania			Credidam	A
Sweden	IFPI Sverige	A	SAMI	A
Germany	GVL	agreement negotiations ongoing	GVL	A
Slovakia			Slovgram	A
Slovenia			Zavod IPF	A
Switzerland			Swissperform	A
Denmark	Gramex	A	Gramex	A
Czech Republic	Integram	A	Intergram	A
Hungary			EJI	A
Russia	RPA	A		
Estonia	EFU	A	EEL	A
United States	AARC	A (private copying levies)	AARC	A (private copying levies)
United States			AFM & SAG -AFTRA	A
United States	SoundExchange	A	SoundExchange	A
Brazil	Abramus	A	Abramus	A

AUDITOR'S REPORT

4. AUDITOR'S REPORT

To the members of Gramex ry, the Copyright Society of Performing Artists and Phonogram Producers in Finland

Audit of the financial statements

Opinion

We have audited the financial statements of Gramex ry, the Copyright Society of Performing Artists and Phonogram Producers in Finland (Business ID 0201196-9), for the financial period 1 January – 31 December 2019. The financial statements include the balance sheet, income statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the society's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for opinion

We conducted our audit in accordance with good auditing practice followed in Finland. Our responsibilities under good auditing practice are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the society in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing

the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the society or to cease operations, or there is no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain

audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the society's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the society to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including all of the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other reporting requirements

Other information

The Board of Directors is responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. It is also our responsibility to consider whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and that the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement in the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 21 April 2020

Deloitte Ltd
Authorised Public
Accountants

Ari Hakkola
Authorised Public
Accountant

Mika Starczewski,
Authorised Public
Accountant

AUDITOR'S REPORT

Agreed-upon procedures

To Gramex ry, the Copyright Society of Performing Artists and Phonogram Producers in Finland

We have performed the agreed-upon procedures listed below relating to the 2019 transparency report of Gramex ry, the Copyright Society of Performing Artists and Phonogram Producers in Finland.

The engagement has been carried out in accordance with the International Standard On Related Services (ISRS) 4400 "Engagements to Perform Agreed-upon Procedures regarding Financial Information".

The management and the Board of Directors of the Copyright Society of Performing Artists and Phonogram Producers in Finland Gramex ry are responsible for the transparency report and for ensuring that the information provided is in accordance with the Finnish Act on Collective Management of Copyright.

As the procedures listed below constitute neither an audit in accordance with auditing standards nor a review made in accordance with standards on review engagements, we do not express any assurance as the aforementioned standards would require.

Had we performed additional procedures related to the transparency report or an audit in accordance with auditing standards or a review in accordance with standards on review engagements, other matters might have come to our attention that we would have reported to you.

The following agreed-upon procedures were performed for the sole purpose of allowing the society to assess whether the data presented in the transparency report is in accordance with the Act on Collective

Management of Copyright and whether the data can be reconciled with the society's accounts, internal calculations and data in the Apollo system:

- 1) We established that the society's transparency reporting contains the information referred to in Article 22(2) of the Directive 2014/26/EU.
- 2) We established that the rights revenue for the year 2019 in the transparency reporting are presented as per the eight defined form of use categories and can be reconciled with the accounts or internal calculations.
- 3) We established that the transparency report contains the 2019 financial statement required by law.
- 4) We established that the copyright remunerations paid to foreign copyright organisations presented in the transparency reporting are presented as required under the provisions on transparency reporting in the Act on Collective Management of Copyright and the remunerations can be reconciled with the accounts and internal calculations from the Apollo system.
- 5) We established that the collected funds presented in the transparency reporting are presented in accordance with the provisions on transparency reporting in the Act on Collective Management of Copyright and the collected funds can be reconciled with the accounts and internal calculations.
- 6) We established that the copyright remunerations received from foreign copyright organisations presented in the transparency reporting and their allocation to rightsholders are presented as required under the provisions on transparency reporting in the Act on Collective Management of Copyright and the remunerations can be reconciled with the accounts and internal calculations from the Apollo system.
- 7) We established that the administration expenses percentages and the investment income percentages presented in the transparency report are

based on the figures in the accounts.

8) We established that the funds collected by other Finnish collective management organisations for Gramex presented in the transparency reporting can be reconciled with the accounts and internal calculations.

9) We established that the total sums of the following funds presented in the transparency reporting:

- a) 'placeholder' funds attributed to phonograms,
- b) funds attributed to rightsholders and waiting for payment,
- c) funds paid to rightsholders, and
- d) funds remaining undistributed are balanced with the accounts, and we reconciled, by way of spot checks, form of use -specific information with the calculations of the Apollo system and the accounts.

With respect to the aforementioned procedures, we have found the following:

- 1) On the basis of procedures under item 1, we found that the society's transparency reporting contains the information referred to in Article 22(2) of the Directive.
- 2) On the basis of procedures under item 2, we found that the rights revenue for the year 2019 in the transparency reporting is presented as per the eight defined form of use categories and that the total sums match the accounts and internal calculations.
- 3) On the basis of procedures under item 3, we found that the transparency report contains the 2019 financial statement required under law and that a standard auditor's report has been given thereof.
- 4) On the basis of procedures under item 4, we found that the copyright remunerations paid to foreign copyright organisations presented in the transparency reporting are presented as required under the provisions on transparency reporting in the Act on Collective

Management of Copyright and, on the basis of spot checks, the remunerations match the accounts and internal calculations from the Apollo system.

5) On the basis of procedures under item 5, we found that the collected funds presented in the transparency reporting are presented in accordance with the provisions on transparency reporting in the Act on Collective Management of Copyright and the collected funds can be reconciled with the accounts and internal calculations.

6) On the basis of procedures under item 6, we found that the copyright remunerations received from foreign copyright organisations presented in the transparency reporting and their allocation to rightsholders are presented as required under the provisions on transparency reporting in the Act on Collective Management of Copyright and, on the basis of spot checks, the remunerations match the accounts or internal calculations from the Apollo system.

7) On the basis of procedures under item 7, we found that the administration expenses percentages and the investment income percentages presented in the transparency report are based on the figures of the accounts, the financial statements of the previous year and the 2018 transparency report.

8) On the basis of procedures under item 8, we found that the funds collected by other Finnish collective management organisations for Gramex presented in the transparency reporting match the accounts and, on the basis of spot checks, internal calculations.

9) On the basis of procedures under item 9, we found the following points concerning funds presented in the transparency report:

- a) the total sums of 'placeholder' funds attributed to phonograms matched the accounts as well as, based on spot checks, form of use -specific information in the Apollo system and the calculations of the accounts,

b) the total sums of funds attributed to rightsholders and waiting for payment matched the accounts as well as, based on spot checks, form of use -specific information in the Apollo system and the calculations of the accounts,

c) the total sums of funds paid to rightsholders matched the accounts as well as, based on spot checks, form of use -specific information in the Apollo system and the calculations of the accounts,

d) the total sums of funds remaining undistributed matched the accounts.

Our report is intended solely for the purpose set forth in this report and is not to be used for any other purpose. This report relates only to the transparency report specified above and does not extend to the financial statements of the Copyright Society of Performing Artists and Phonogram Producers in Finland Gramex ry as a whole.

Helsinki, 13 May 2020

Deloitte Oy,
Authorised Public Accountants

Ari Hakkola,
Authorised Public Accountant

The statutory general assembly of Gramex
approved the transparency report on
12 August 2020.

This is an unofficial translation of the text
of the original document written in Finnish.
In case of conflicts between the different
language versions, the Finnish version is
correct and valid.

Photos: Pond5